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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Connecticut Department of) RM No. 9258
Public Utility Control)
Petition for Rulemaking)

COMMENTS

BellSouth Corporation,¹ on behalf of itself and its affiliate companies, by counsel, files its comments to the Public Notice in this docket.²

In its Public Notice, the Commission asks whether circumstances have changed since the Commission originally prohibited technology specific overlays as well as how technology specific overlays will affect competition, local number portability, number pooling and other relevant initiatives pertaining to telecommunications numbering sources. BellSouth believes that wireline/wireless competition has developed since the Commission originally prohibited technology specific overlays. BellSouth supports the opposition of the United States Telephone Association (USTA) filed in this proceeding, and adds with these comments additional record evidence concerning competition between wireless and wireline carriers.

¹ BellSouth Corporation (BSC) is a publicly traded Georgia corporation that holds the stock of companies which offer local telephone service, provide advertising and publishing services, market and maintain stand-alone and fully integrated communications systems, and provide mobile communications and other network services world-wide.

² *Public Notice*, DA 98-743, RM No. 9258 (rel. April 17, 1998).

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The Connecticut Department of Public Utility Control (CDPUC) maintains that the Commission should revisit the service-specific overlay prohibition because of the level of competition currently experienced within the wireless industry and the lack of competition experienced between the wireless and wireline segments within the state of Connecticut. For some customers and users, however, wireless Personal Communications Services (PCS) is a substitute for BellSouth's wireline service. Market surveys of PCS service in Louisiana indicate that about 17 percent of PrimeCo's and Sprint Spectrum's 8000-plus customers chose to subscribe to PCS service instead of subscribing to wireline service.³ Moreover, having signed up for PCS service, 29 percent of Louisiana PCS users report that they now use PCS as their primary home or business phone; 56 percent say they sometimes use PCS to receive and place calls at home; 47 percent use PCS as a second telephone at work; and 80 percent report using their PCS phone rather than using the wireline service of a friend or business associate when they are away from home or work.⁴ Each of these study results indicates that substitution between wireless and wireline calling is, in fact, occurring.

The press similarly reports that GTE Wireless has "already detected [a] shift among students, who are signing up for cellular or PCS service rather than buying [a] separate phone line."⁵ According to market analysts Schroder Wertheim & Co., Inc.,

³ See CC Docket No. 97-231, Brief in Support of Application by BellSouth for Provision of In-Region, InterLATA Services in Louisiana (November 6, 1997), pp. 16-17 (BellSouth Brief).

⁴ *Id.*

⁵ *Industry Sees Students and Retirees Dropping Wired Phones for Wireless*, Communications Daily, September 15, 1997.

“Sprint Spectrum’s wireless objectives include not only penetration of the existing cellular market but also capturing significant wireline local telephony market share.”⁶

Pricing comparisons confirm that for low-volume residential customers in Louisiana a PCS subscription can be less expensive than taking the equivalent wireline intraLATA services from BellSouth.⁷ Dollar-for-dollar rate comparisons, moreover, do not account for the mobility and one-stop-shopping advantages of wireless, which may cause customers to substitute PCS for less expensive wireline service.⁸ Given the higher rates they pay for wireline service, business customers should be even more likely to find PCS attractive.⁹

⁶ Schroder Wertheim & Co. Inc., Company Report – Cox Communications, Inc., dated July 9, 1996.

⁷ BellSouth Brief at 17.

⁸ *Id.*

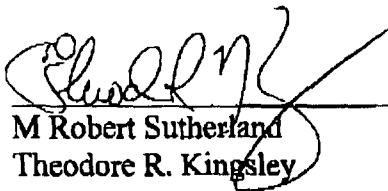
⁹ *Id.*

CONCLUSION

Competition between wireless and wireline products and services exists. CDPUC has provided an insufficient basis for the Commission to re-examine its prohibition against service specific overlays.

Respectfully submitted,

BELLSOUTH CORPORATION

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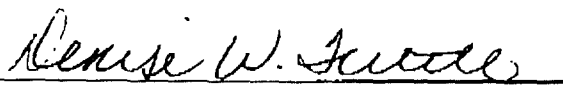
CERTIFICATE OF SERVICE

I do hereby certify that I have this 7th day of May, 1998, served all parties to this action with a copy of the foregoing **COMMENTS** by placing a true and correct copy of same in the United States Mail, postage prepaid, addressed to the parties listed on the attached service list.

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